

**BRIEFING MEMO**  
**Taro Health Plan of Maine, Inc.**  
**Certificate of Authority**

**DATE:** December 28, 2021

**TO:** Jeanne M. Lambrew, Ph.D. Commissioner, DHHS

**THROUGH:** William Montejo, Director, Division of Licensing and Certification

**FROM:** Larry D. Carbonneau, Manager, Health Care Oversight, DLC  
Richard S. Lawrence, Senior Health Care Financial Analyst, DLC

**SUBJECT:** Application of Issuance of Certificate of Authority – Taro Health Plan of Maine, Inc.

---

Subject to the Maine Certificate of Need Act of 2002, a person may apply to the superintendent of insurance for, and obtain, a certificate of authority to establish, maintain, own, merge with, organize or operate a health maintenance organization in compliance with the Maine Insurance Code. A person may not establish, maintain, own, merge with, organize or operate a health maintenance organization in this State either directly as a division or a line of business or indirectly through a subsidiary or affiliate, nor sell or offer to sell, or solicit offers to purchase or receive advance or periodic consideration in conjunction with, a health maintenance organization without obtaining a certificate of authority. See 24-A M.R.S. §4203 (1).

The superintendent of insurance shall issue or deny a certificate of authority to any person filing an application pursuant to section 4203 within 50 business days of receipt of the notice from the Department of Health and Human Services that the applicant has been granted a certificate of need or, if a certificate of need is not required, within 50 business days of receipt of notice from the Department of Health and Human Services that the applicant is in compliance with the requirements of paragraph B below. Issuance of a certificate of authority shall be granted upon payment of the application fee prescribed in section 4220 if the superintendent is satisfied that the following conditions are met as set out in 24-A M.R.S. §4204 (2-A).

*A. The Commissioner of Health and Human Services certifies that the health maintenance organization has received a certificate of need or that a certificate of need is not required pursuant to Title 22, chapter 103-A.*

**Met:** A letter of Non-Applicability for this project in regard to the Certificate of Need statute was forwarded to the applicant and the Bureau of Insurance on December 27, 2021. As the reason for this determination, the letter of non-applicability cited section §330 (2):

22 M.R.S. §330. *Notwithstanding section 329, the requirements of this Act do not apply with respect to: (2). Activities or acquisitions by or on behalf of a health maintenance organization or a health care facility controlled, directly or indirectly, by a health maintenance organization or combination of health maintenance organizations to the extent mandated by the National Health Policy, Planning and Resources Development Act of 1974, as amended, and its accompanying regulations;*

*B. If the Commissioner of the Department of Health and Human Services has determined that a certificate of need is not required; the Commissioner makes a determination and provides a certification to the superintendent that the following requirements have been met. (Please note that the numbering of the following paragraphs is in accordance with section 4204 (2-A) (B) of Title 24-A. There are no paragraphs numbered (1), (2), or (3) in this section of the statute).*

*(4) The health maintenance organization must establish and maintain procedures to ensure that the health care services provided to enrollees are rendered under reasonable standards of quality of care consistent with prevailing professionally recognized -standards of medical practice. These procedures must include mechanisms to ensure availability, accessibility and continuity of care.*

**Met:** The applicant provided a detailed 2023 Quality Improvement Program Description for its inaugural membership year. Taro Health's Quality Program Description provides a detailed explanation of the organizational structure, objectives, scope of activities, dedicated components, and evaluation of its quality activities designed to ensure availability, accessibility, continuity of health care, as well as high value of care and services.

*(5) The health maintenance organization must have an ongoing internal quality assurance program to monitor and evaluate its health care services including primary and specialist physician services, ancillary and preventive health care services across all institutional and non-institutional settings. The program must include, at a minimum, the following:*

*(a) A written statement of goals and objectives that emphasizes improved health outcomes in evaluating the quality of care rendered to enrollees;*

**Met:** The goal of Taro Health's Quality Program is to ensure the consistent availability, accessibility, and continuity of quality care and services to our members. This directly supports our mission to provide high quality and high value care and services. Following regulatory and accrediting body requirements, we have designed a Quality Program to actively monitor and evaluate the quality, safety, and appropriateness of medical and behavioral healthcare services and identify and act on opportunities for improvement. The goals and objectives of the Quality Program are included on page 3 of the Taro Health Plan of Maine, Inc. Quality Program Description.

*(b) A written quality assurance plan that describes the following:*

*(i) The health maintenance organization's scope and purpose in quality assurance;*

**Met:** Taro Health's Quality Program is designed to ensure availability, accessibility, continuity of healthcare, as well as high value care and services to its members. The comprehensive scope of this program is set forth on pages 3-4 of the Quality Program Description. Importantly, the Quality Program addresses clinical (including medical, pharmaceutical, and behavioral health) and non-clinical aspects of services across all member demographic groups, care settings, and service types.

*(ii) The organizational structure responsible for quality assurance activities;*

**Met:** The organizational structure responsible for executing the Quality Program includes the Chief Medical Officer, Chief Operating Officer, Board of Directors, and Delegated Vendor Oversight Committee. A complete description of the roles of each person/entity are included on page 5 -7 of the Quality Program Description.

*(iii) Contractual arrangements, in appropriate instances, for delegation of quality assurance activities;*

**Met:** Taro Health may delegate certain quality assurance activities to vendors and/or a third-party administrator (TPA). The scope of delegated activities will be documented in writing and will be subject to rigorous oversight and management.

Taro Health will establish a Delegated Vendor Oversight Committee that, in concert with Taro Health's compliance function, will be tasked with oversight, monitoring, risk assessment, auditing expectations and requirements of delegated entities. The Delegated Vendor Oversight Committee will include, at a minimum, the Chief Medical Officer and the Chief Operating Officer, and shall provide routine reports to the Chief Executive Officer and the Board of Directors.

The Delegated Vendor Oversight Committee will assess the performance of the delegated entity in achieving quality Plan objective and initiative. The Committee and/or Taro Health's compliance function will also conduct evaluations and comprehensive assessments of the delegated entities' performance to prevent, detect and correct issues of compliance in accordance with regulatory requirements as well as assess the ability of the entities to implement and monitor corrective action plans, as needed.

*(iv) Confidentiality policies and procedures.*

**Met:** Taro Health is committed to protecting member confidentiality in accordance with applicable state and federal laws, regulations and regulatory and/or contractual requirements. Taro Health will adhere to all obligations pertaining to privacy and security, especially but not exclusively, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its components: the Standards for Privacy of Individually Identifiable Health Information (Privacy rule) and the Security Standards for the Protection of Electronic Protected Health Information (Security Rule). A complete description of Taro Health's Privacy Program is contained on page 15 – 17 of the Quality Program Description.

*(v) A system of ongoing evaluation activities;*

**Met:** The goals and actions undertaken during the year and the resources devoted to quality management evaluation activities are outline on pages 3-5, as well as pages 7-17, of the Quality Program Description.

*(vi) A system of focused evaluation activities;*

**Met:** Taro Health will select specific areas to monitor by identifying aspects of care and/or services that are high volume, known risks, or are problem areas. Selections will be based on an assessment of risks, opportunities, and resources, and will be designed to have a positive impact on members' health and well-being. Priority will be given to those areas with issues related to major population groups, members' health risks, and where actions are likely to have the greatest member impact.

Further, the Quality Program Description also details Taro Health's focused evaluation activities pertaining to the dissemination of clinical practice and preventative health guidelines (pages 8-9), the development of a population health management program (pages 9-10), and regular – as well as annual – review of quantitative and qualitative measures (page 17).

*(vii) A system for reviewing and evaluating provider credentials for acceptance and performing peer review activities;*

**Met:** The provider credentialing process will be overseen by the company's COO and may involve the use of a credentialing vendor and will be consistent with Maine Statute. All in-network providers will follow a consistent review and evaluation process involving provider licensure, DEA registration, board certification, hospital affiliation (where appropriate) malpractice insurance requirements, and contractual terms.

This process will include provider submissions of existing licenses and documents, including but not limited to, proof of education and training, past work history, malpractice history. Further, sources such as the Federation of State Medical Boards (FSMB) Physician Data Center, National Practitioner Data Bank (NPDB), and the federal National Plan and Provider Enumeration System (NPPES), and Department of Health and Human Services Office of Inspector General (OIG) exclusion database will be monitored regularly by Taro Health to proactively ensure all credentials are up-to-date..

*(viii) Duties and responsibilities of the designated physician supervising the quality assurance activities;*

**Met:** The Chief Medical Officer (CMO) is the physician leader responsible for the quality of care components of the Quality program. Specifically, the CMO is responsible for providing frequent reports to the Chief Executive Office and Board of Directors on the quality of care received by members. In addition, the CMO and their team is responsible for

quality-focused areas such as clinical program and disease management, care management, clinical policy development, utilization management, and network medical management.

*(c) A written statement describing the system of ongoing quality assurance activities including:*

*(i) Problem assessment, identification, selection and study;*

**Met:** Regular meetings of Quality Program leadership (including the CMO, COO, the Board and/or subcommittee, and the Delegated Vendor Oversight Committee) will be used to identify, execute, and evaluate initiatives for quality improvement. These meetings will generally be led by the COO and will be used to identify and/or delegate new quality improvement projects, as well as to monitor and evaluate quality improvement projects across the organization and modify interventions as necessary. Depending on the scope of project or need, quality improvement projects and meeting may also require participation from external members, e.g., representation from third-party administrator leadership.

*(ii) Corrective action, monitoring evaluation and reassessment; and*

**Met:** Taro Health will primarily follow the “Plan, Do, Study, Act” model of continuous improvement. This involves a systematic process of identifying, describing, and analyzing areas for improvement, and then testing, implementing, learning from, and revising solutions. Descriptions of decisions, data used, planned interventions, barriers encountered, and progress made will be documented to ensure learnings are communicated and distributed across the organization.

*(iii) Interpretation and analysis of patterns of care rendered to individual patients by individual providers;*

**Met:** Taro health will maintain easily accessible and comprehensive reports for common use cases including, but not limited to, business analytics reporting, executive reporting, and day-to-daycare management. All data for these reports will be pulled directly from the data warehouse ensuring that reports are consistently up to date. Taro Health will maintain and evaluate a series of comprehensive use cases, including member utilization by provider by month.

*(d) A written statement describing the system of focused quality assurance activities based on representative samples of the enrolled population that identifies the method of topic selection, study, data collection, analysis, interpretation, and report format;*

**Met:** Quality improvement projects will primarily be selected by identifying aspects of care and/or services that are high volume, known risks, or are problem areas. Selections are based on an assessment of risks, opportunities, and resources, and designed to have a positive impact on members’ health and well-being. Priority is given to those areas with issues related to major population groups, members’ health risks, and where actions are likely to have the greatest member impact. A comprehensive analysis of a variety of data

points, like HEDIS measures, medical records, claims data, surveys and more will be used to inform these initiatives, as well as to monitor their effectiveness.

*(e) Written plans for taking appropriate corrective action whenever, as determined by the quality assurance program, inappropriate or substandard services have been provided or services that should have been furnished have not been provided.*

**Met:** Ongoing policies and procedures will be assessed through a variety of methods. Providers failing to meet contractual requirements and/or established standards (such as imposition of sanctions, limitations on licensure, or instances of poor quality) will be reviewed by the company's Medical and Compliance departments for appropriate corrective action, up to and including termination.

*(6) The health maintenance organization shall record proceedings of formal quality assurance program activities and maintain documentation in a confidential manner. Quality assurance program minutes must be available to the Commissioner of Health and Human Services.*

**Met:** Taro Health will record proceeding of formal quality assurance program activities and maintain documentation in a confidential manner. Taro Health commits to make available to DHHS the minutes of quality assurance program activities upon request.

*(7) The health maintenance organization shall ensure the use and maintenance of an adequate patient record system that facilitates documentation and retrieval of clinical information to permit evaluation by the health maintenance organization of the continuity and coordination of patient care and the assessment of the quality of health and medical care provided to enrollees.*

**Met:** An explanation of the Taro Health member record system that will be used to document all member interactions and clinical information is described on page 13 of the quality Program Description. Further, a summary of Taro Health's comprehensive data and statistics programs is located under the "Data Collection, Protection, and Reporting" section on pages 13-14 of the Quality Program Description.

*(8) Enrollee clinical records must be available to the Commissioner of Health and Human Services or an authorized designee for examination and review to ascertain compliance with this section, or as considered necessary by the Commissioner of Health and Human Services.*

**Met:** Taro Health will ensure the use and maintenance of a robust member record system that tracks all member interactions (including call records and written communications) and, when necessary and appropriate, stores and maintains clinical information. The system will facilitate continuity and coordination of patient care, and assessment of the quality of health and medical care provided. The patient record system will ensure the availability of clinical records to the Commissioner of the Department of Health and Human Services or authorized designee for examination and review to ascertain compliance, or as considered necessary by the Commissioner of the Department of Health and Human Services.

*(9) The organization must establish a mechanism for periodic reporting of quality assurance program activities to the governing body, providers and appropriate organization staff.*

**Met:** The “Organizational Structure” section on pages 5-7 of the Quality Program Description outlines the key roles and associated oversight activities of personnel integral to Taro Health’s Quality Program:

- . Chief Medical Officer (the designated leader responsible for the quality of care components of the Quality Program);
- . Chief Operating Officer (the designated business leader responsible for the customer service components of the quality Program);
- . Delegated Vendor Oversight Committee (responsible, with Taro Health compliance, for oversight, monitoring, risk assessments and auditing expectations and requirements of vendors); and
- . Board of Directors (provides direct oversight for Taro health’s Quality Program and its activities).

As noted on page 5 of the quality Program Description, the CMO position reports to the Chief Executive Officer (CEO) and will provide the CEO and the leadership team with weekly an ad hoc reports. The CMO also reports to the Board of Directors with routine (no less than quarterly) reports on the quality of care received by members. These reports will be both quantitative and qualitative and will track changes and outcomes over time to measure and assess execution of the Quality Program.

Further, the “Review and Evaluation” section on page 17 explains Taro Health’s plan for annual evaluation and update of the Quality Program.

*The Commissioner of the Department of Health and Human Services shall make the certification required by this paragraph within 60 days of the date of the written decision that a certificate of need was not required. If the commissioner certifies that the health maintenance organization does not meet all of the requirements of this paragraph, the commissioner shall specify in what respects the health maintenance organization is deficient.*

**Recommendation:**

CONU concludes that the applicant has satisfied the requirements of 24-A § 4204 (2-A) parts A and B and recommends that this application be **Approved**.